

Message Text

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PAGE 01 BRASIL 08053 171521Z

14

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 H-02 /029 W

----- 048712

R 171250Z SEP 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7884

INFO AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 8053

E. O. 11652: NA

TAGS: EAIR, BR

SUBJ: DISCRIMINATORY PRACTICES COMPLAINTS: PREPAID TRAVEL ADVICE

REF: BRASILIA 7469

FOLLOWING TELEGRAM DRAFTED BY AMCONGEN RIO DE JANEIRO,
EMBASSY CONCURS.

1. PANAM RIO REP INFORMED CONGEN ON SEPT 10 THAT CENTRAL BANK IS AUDITING PANAM RECORDS FOR AUGUST, 1976 ATTEMPTING TO LOCATE ANY TICKETS THAT ORIGINATED IN THE US BUT WERE SOLD BY PANAM IN BRAZIL FOR CRUZEIROS (PTAS). CENTRAL BANK REGULATIONS REQUIRE PANAM TO VERIFY THAT PURCHASER OF TICKETS FOR ROUNDTRIP ORIGINATING IN US AND USING CRUZEIROS HAVE PERMISSION OF CENTRAL BANK. THIS AUDIT WILL PROBABLY SHOW A LARGE NUMBER OF PTAS LEADING THE CENTRAL BANK TO BLOCK PANAM CRUZEIRO ACCOUNTS IN AMOUNT OF SUCH SALES.

2. PANAM ASSERTS THAT, SINCE CENTRAL BANK OFTEN DOES NOT GIVE PERMISSION FOR PTA SALES, VARIG ALSO SELLS SUCH TICKETS WITHOUT VERIFYING CENTRAL BANK'S APPROVAL. PANAM ASSERTS THAT COMPETITIVE PRESSURE FORCED IT TO DO LIKEWISE OR LOSE A SUBSTANTIAL PORTION OF THE MARKET. THIS PROBLEM HAS A DISCRIMINATORY ASPECT SINCE VARIG IS NOT AUDITED BY CENTRAL BANK EXAMINERS AND THUS CANNOT BE "CAUGHT" IN SALE OF PREPAID TRANSPORTATION WITHOUT PRIOR

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PAGE 02 BRASIL 08053 171521Z

PERMISSION. PANAM WAS AWARE THAT IT WAS IN VIOLATION OF BRAZILIAN

CENTRAL BANK REGULATIONS.

3. THIS ISSUE IS AMONG THOSE PANAM WANTED BROUGHT UP IN THE
DISCRIMINATORY PRACTICES DEMARCHE (SEE REFTEL).

4. COMMENT: IT APPEARS THAT PANAM MAY HAVE BEEN KNOWINGLY IN
VIOLATION OF CENTRAL BANK REGULATIONS. PANAM WAS "CAUGHT" BECAUSE
IT IS AUDITED WHEN IT CONVERTS CRUZEIROS TO DOLLARS. HOWEVER, IT
SEEMS LIKELY THAT VARIG IS, AS PANAM ASSERTS, ALSO SELLING PTAS
WITHOUT CENTRAL BANK KNOWLEDGE. WE EXPECT FURTHER INFORMATION
FROM PANAM AS THIS SITUATION DEVELOPS.
CRIMMINS

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Margaret P. Grafeld
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